



**PAUL E. PATTON**  
GOVERNOR

**EXECUTIVE ORDER**

2003 - 995

**Secretary of State**  
Frankfort  
Kentucky

October 6, 2003

**WHEREAS**, the policy of the Commonwealth has been to provide health insurance for each eligible Commonwealth employee through a procurement process structured to encourage competition; and

**WHEREAS**, the Commonwealth has recognized that health care costs differ according to geographic regions and has shielded the employee from bearing the cost of those differences by implementing a policy that required the Commonwealth to pay the full cost of single coverage; and

**WHEREAS**, the Commonwealth has made available dependent coverage with the cost borne by the employee, which historically resulted in some cost differences among the counties; and

**WHEREAS**, despite this policy, several factors for the next plan year, including emergency procurement, have significantly increased the cost difference for dependent coverage for employees of several counties and resulted in one carrier offering coverage in adjacent counties at differing rates. Other differentiating factors for Plan Year 2004 are that the carrier providing insurance at the lowest rate is providing that coverage in 99 counties, thereby creating a great cost differential for dependent coverage in the remaining counties. For example, the differential for family coverage will be \$3.36 in eleven counties, \$38.76 in three counties and \$224.76 in seven counties; and

**WHEREAS**, it is necessary and appropriate to act in the best interests of the Commonwealth and its employers to address the aberration described above and achieve a more equitable state health insurance system;

**NOW THEREFORE**, I Paul E. Patton, Governor of the Commonwealth of Kentucky, under the authority vested in me by the Kentucky Constitution, Sections 69 and 81, and state law, including KRS Chapter 18A, do hereby **ORDER** and **DIRECT** the following:

1. The premiums of the carrier offering the least expensive Option A coverage in the greatest number of counties will set the benchmark for employee out-of-pocket costs for dependent coverage. The Commonwealth will provide an additional contribution for employees in counties in which the benchmark plans are not available to the extent necessary to equalize the out-of-pocket costs between the least expensive Option A dependent coverage in those counties and the least expensive Option A dependent coverage in the benchmark counties.
2. This subsidization will be for the Plan Year beginning on January 1, 2004.



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3. Any county employer subject to the provisions of KRS § 18A.225 (2)(h), is exempt from this Executive Order.
4. Married employees choosing to combine the state contribution for any coverage level are entitled to only one subsidized contribution.
5. Any employee choosing dependent coverage and receiving the subsidized contribution may not choose a lower coverage option and place any remainder into a health flexible spending account.
6. The Secretary of the Finance and Administration Cabinet and the Secretary of the Personnel Cabinet are directed to take such actions as are necessary to carry out the provisions of this Order.

A handwritten signature of Paul E. Patton in cursive script.

PAUL E. PATTON, Governor  
Commonwealth of Kentucky

A handwritten signature of John Y. Brown III in cursive script.

JOHN Y. BROWN III  
Secretary of State